



INTERNATIONAL CEMENT GROUP

INTERNATIONAL CEMENT GROUP LTD.

Company Registration Number 201539771E

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	First Quarter Ended		
	31-Mar-19	31-Mar-18	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	26,001	22,988	13
Other income	157	337	(53)
Changes in inventories of work-in-progress and finished goods	(2,176)	(2,757)	(21)
Raw materials and consumables used	(6,129)	(5,308)	15
Staff and related costs	(2,126)	(2,374)	(10)
Depreciation of property, plant and equipment	(1,421)	(1,347)	5
Amortisation of intangible assets	(737)	(780)	(6)
Loss allowance on trade and other receivables and contract assets	(23)	(8)	188
Other expenses	(6,986)	(6,141)	14
	6,560	4,610	42
Finance income	3	16	(81)
Finance costs	(15)	(33)	(55)
Net finance costs	(12)	(17)	(29)
Profit before tax	6,548	4,593	43
Tax expense	(1,049)	(2)	n/m
Profit for the period	5,499	4,591	20
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations	(180)	944	n/m
Foreign currency translation differences - foreign operations	(949)	(3,120)	(70)
	(1,129)	(2,176)	(48)
Other comprehensive income for the period, net of tax	(1,129)	(2,176)	(48)
Total comprehensive income for the period	4,370	2,415	81
Profit attributable to:			
- Owners of the Company	2,892	1,943	49
- Non-controlling interests	2,607	2,648	(2)
Profit for the period	5,499	4,591	20
Total comprehensive income attributable to:			
- Owners of the parent	2,115	1,290	64
- Non-controlling interests	2,255	1,125	100
Total comprehensive income for the period	4,370	2,415	81
Earnings per share			
- Basic	0.05 cents	0.03 cents	
- Diluted	0.05 cents	0.03 cents	

NM : not meaningful

1(a)(i) Profit before tax is stated after charging/(crediting) the following:-

	Group	
	First Quarter Ended	
	31-Mar-19	31-Mar-18
	S\$'000	S\$'000
Bad debts recovered	-	(22)
Exchange gain	(59)	(245)
Gain on disposal of property, plant and equipment	(11)	-
Interest income from financial institutions	(3)	(16)
Interest on loans and borrowings	15	33
Provision for warranties	-	5

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	168,448	160,765	14	12
Intangible assets and goodwill	52,596	53,697	-	-
Investment properties	603	612	-	-
Subsidiaries	-	-	273,633	273,633
Trade and other receivables	-	23,599	-	-
Contract assets	1,634	1,634	-	-
	223,281	240,307	273,647	273,645
Current assets				
Inventories	18,705	19,439	-	-
Trade and other receivables	49,765	19,234	72	72
Contract assets	637	682	-	-
Other investments	1	1	-	-
Cash and cash equivalents	9,568	13,084	23	-
	78,676	52,440	95	72
Total assets	301,957	292,747	273,742	273,717
Equity attributable to owners of the Company				
Share capital	273,633	273,633	273,633	273,633
Capital reserve	404	404	-	-
Revaluation reserve	2,668	2,668	-	-
Currency translation reserve	(11,215)	(10,438)	-	-
Accumulated losses	(68,687)	(71,407)	(298)	-
	196,803	194,860	273,335	273,633
Non-controlling interests	58,463	56,036	-	-
Total equity	255,266	250,896	273,335	273,633
Non-current liabilities				
Loans and borrowings	101	107	-	-
Long-term other payables	3,041	3,096	-	-
Deferred tax liabilities	9,903	8,899	-	-
	13,045	12,102	-	-
Current liabilities				
Trade and other payables	21,701	27,185	407	84
Contract liabilities	151	151	-	-
Provisions	615	615	-	-
Loans and borrowings	11,148	1,746	-	-
Current tax payable	31	52	-	-
	33,646	29,749	407	84
Total liabilities	46,691	41,851	407	84
Total equity and liabilities	301,957	292,747	273,742	273,717

On 16 March 2018, the Company entered into an Implementation Agreement with a related party, Compact Metal Industries Ltd ("CMIL"), a company incorporated in Singapore, in relation to a proposed restructuring by way of a scheme of arrangement under Section 210 of the Companies Act (Chapter 50) of Singapore. Pursuant to the terms of the Implementation Agreement, the Company will acquire all the existing issued ordinary shares in the capital of CMIL ("CMIL Share") held by shareholders of CMIL, in consideration for the allotment and issuance of new ordinary shares in the capital of the Company ("ICG Share") on the basis of one new ICG Share for every one CMIL Share.

Upon completion of this restructuring, CMIL was delisted from the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 8 March 2019 and became a subsidiary of the Company. The Company has been listed on the Mainboard of the SGX-ST since 8 March 2019.

The restructuring exercise, which effected a change of the listed entity with the same shareholders, does not meet the definition of a business under SFRS(I) 3 *Business Combinations*. Accordingly, the comparative information of the Group's financial statements (i.e. financial position as at 31 December 2018 and financial performance and cash flows for the first quarter ended 31 March 2018) are that of CMIL Group.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

(a) Amount repayable in one year or less, or on demand

31-Mar-19		31-Dec-18	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
23	11,125	23	1,723

(b) Amount repayable after one year

31-Mar-19		31-Dec-18	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	101	-	107

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	First Quarter Ended	
	31-Mar-19	31-Mar-18
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	5,799	4,591
Adjustments for:		
Amortisation of intangible assets	737	780
Bad debts recovered	-	(22)
Depreciation of property, plant and equipment	1,421	1,347
Finance costs	15	33
Finance income	(3)	(16)
Gain on disposal of property, plant and equipment	(11)	-
Loss allowance on trade and other receivables and contract assets	23	8
Provision for warranties	-	5
Tax expense	1,049	2
	9,030	6,728
Changes in:		
- inventories	804	2,556
- trade and other receivables and contract assets	(6,949)	(1,772)
- trade and other payables and contract liabilities	(7,446)	(2,832)
Cash generated from operations	(4,561)	4,680
Tax paid	(38)	(17)
Net cash from operating activities	(4,599)	4,663
Cash flows from investing activities		
Acquisition of non-controlling interests	#	-
Acquisition of property, plant and equipment	(8,040)	(4,012)
Interest received	3	16
Proceeds from disposal of property, plant and equipment	11	-
Net cash used in investing activities	(8,026)	(3,996)
Cash flows from financing activities		
Interest paid	(15)	(33)
Payment of finance lease liabilities	(6)	(6)
Proceeds from trust receipts	287	1,758
Repayment of short-term loans	-	(2,986)
Repayment of trust receipts	(965)	(1,682)
Proceeds from shareholders' loan	10,080	-
Net cash from/(used in) financing activities	9,381	(2,949)
Net decrease in cash and cash equivalents	(3,244)	(2,282)
Cash and cash equivalents as at beginning of period (excluding pledged deposits)	13,027	28,570
Effect of exchange rate fluctuations on cash held	(215)	83
Cash and cash equivalents as at end of period (excluding pledged deposits)	9,568	26,371
Represented by :		
Cash at bank and on hand	8,822	18,290
Fixed deposits	803	8,138
Less : Fixed deposits pledged	(57)	(57)
Cash and cash equivalents as at 31 March (excluding pledged deposits)	9,568	26,371

#: Less than \$1,000

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Revaluation reserve	Currency translation reserve	Accumulated losses			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
As at 1 January 2019	273,633	404	2,668	(10,438)	(71,407)	194,860	56,036	250,896
Total comprehensive income for the period								
Profit for the period	-	-	-	-	2,892	2,892	2,607	5,499
Other comprehensive income								
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(158)	-	(158)	(22)	(180)
Foreign currency translation differences - foreign operations	-	-	-	(619)	-	(619)	(330)	(949)
Total other comprehensive income	-	-	-	(777)	-	(777)	(352)	(1,129)
Total comprehensive income for the period	-	-	-	(777)	2,892	2,115	2,255	4,370
Transactions with owners, recognised directly in equity								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(172)	(172)	172	#
Total transactions with owners	-	-	-	-	(172)	(172)	172	#
As at 31 March 2019	273,633	404	2,668	(11,215)	(68,687)	196,803	58,463	255,266
As at 1 January 2018	273,633	404	2,651	(1,866)	(87,400)	187,422	55,390	242,812
Total comprehensive income for the period								
Profit for the period	-	-	-	-	1,943	1,943	2,648	4,591
Other comprehensive income								
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	944	-	944	-	944
Foreign currency translation differences - foreign operations	-	-	-	(1,597)	-	(1,597)	(1,523)	(3,120)
Total other comprehensive income	-	-	-	(653)	-	(653)	(1,523)	(2,176)
Total comprehensive income for the period	-	-	-	(653)	1,943	1,290	1,125	2,415
As at 31 March 2018	273,633	404	2,651	(2,519)	(85,457)	188,712	56,515	245,227

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Company			
As at 1 January 2019	273,633	-	273,633
Total comprehensive income for the period			
Loss for the period	-	(298)	(298)
As at 31 March 2019	273,633	(298)	273,335
As at 1 January 2018	273,633	-	273,633
Total comprehensive income for the period			
Profit for the period	-	-	-
As at 31 March 2018	273,633	-	273,633

#: Less than \$1,000

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

- 1(d)(ii) Details of changes in the Company's share capital arising from right issue, bonus issues, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the financial periods ended 31 March 2019 and 31 March 2018, there was no change in the issued and paid up share capital of the Company.

The Company had no outstanding warrants as at 31 March 2019 and 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2019 and 31 December 2018 was 5,663,816,419.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited, or review and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).**

The figures have not been audited nor reviewed by our auditors.

- 3 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group applied the following SFRS(I)s, interpretation of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 3 and 11 *Previously Held Interests in a Joint Operation*
- Amendments to SFRS(I) 1-12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*

The adoption of the above standards do not have any significant impact on the Group's financial statements.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the Group for the period based on net profit attributable to shareholders:-

Based on weighted average of 5,663,816,419 ordinary shares
(2018: 5,663,816,419 ordinary shares)

On a fully diluted basis

Group	
First quarter ended 31 March 2019	First quarter ended 31 March 2018
0.05 cents	0.03 cents
0.05 cents	0.03 cents

- 7 Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year.**

Net asset value per ordinary share based on issued share capital of 5,663,816,419 ordinary shares as at 31 March 2019 (2018: 5,663,816,419 ordinary shares)

Group		Company	
31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
3.47 cents	3.44 cents	4.83 cents	4.83 cents

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.**

Consolidated Income Statement

The Group's revenue increased by S\$3.0 million from S\$23.0 million for first quarter ended 31 March 2018 ("1Q2018") to S\$26.0 million for the first quarter ended 31 March 2019 ("1Q2019"). This was higher contribution of S\$3.8 million from the cement segment arising from higher demand in Tajikistan, offset by a decrease in revenue of S\$0.8 million from the aluminium segment due to a decline in sales from projects and sale of aluminium related products.

	1Q2019	1Q2018
Revenue	S\$'mil	S\$'mil
Aluminium	3.2	4.0
Cement	22.8	19.0
	<u>26.0</u>	<u>23.0</u>

Other income mainly comprised foreign exchange gain, gain on disposal of property, plant and equipment and sale of scrap.

Increase in raw materials and consumables for 1Q2019 of S\$8.3 million as compared to 1Q2018 of S\$8.0 million was in line with the increase in sales for the cement segment.

Lower staff and related costs was due to one-off compensation costs in 1Q2018.

Depreciation of property, plant and equipment remained relatively consistent quarter-on-quarter.

Amortisation of intangible assets arose from amortisation of subsoil rights relating to licenses for the extraction of limestone, clay, siltstone and subsoil use contracts for the cement plant in Tajikistan and remained relatively consistent quarter-on-quarter.

Other expenses for 1Q2019 mainly comprised: (i) utilities of S\$1.6 million; (ii) transportation of S\$2.0 million; (iii) packaging of S\$1.4 million; (iv) selling and distribution expenses of S\$0.3 million; (v) spare parts and maintenance of S\$0.1 million; (vi) travelling expenses of S\$0.3 million; and (vii) professional and audit fees of S\$0.4 million. The increase in other expenses was due to an increase in utilities, transportation, packaging and selling and distribution expenses, which was in line with the increase in revenue.

Tax expense in 1Q2019 mainly pertained to provision for 12% withholding tax on unremitted profits from an overseas subsidiary. Provision for withholding tax on FY2018 profits (including 1Q2018 profits) from the overseas subsidiary was only made from 3Q2018 onwards as the subsidiary declared dividends during that period and there was no history of declaration of dividends prior to that, since the date of incorporation of this subsidiary (and therefore no provision was made prior to that).

Consolidated Statement of Financial Position

Property, plant and equipment increased by S\$7.7 million from S\$160.8 million as at 31 December 2018 to S\$168.5 million as at 31 March 2019 due to additions in construction-in-progress from the construction of a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan amounting to S\$10.2 million, offset by depreciation and currency translation loss of S\$1.4 million and S\$1.1 million respectively.

Intangible assets and goodwill comprised subsoil rights and goodwill arising on acquisition of a cement plant in Tajikistan in 2017. Decrease of S\$1.1 million was due to amortisation and currency translation loss of S\$0.7 million and S\$0.4 million respectively.

Long-term trade and other receivables as at 31 December 2018 mainly comprised deposits and prepayments for the construction of a cement plant in Kazakhstan and additional facilities for a cement plant in Tajikistan. These amounts have been reclassified to current as construction of these 2 plants/facilities is expected to be completed within 12 months.

Increase in inventories of S\$0.7 million was in line with the increase in sales from the cement segment.

Current trade and other receivables as at 31 March 2019 mainly comprised (i) trade receivables of S\$13.4 million, (ii) VAT receivables of S\$6.8 million; and (iii) deposits and prepayments made to Engineering, Procurement and Construction ("EPC") contractors and procurement costs for equipment to be installed on site, for purposes of the construction of the cement plant in Kazakhstan and additional facilities, i.e. grinding station, for the cement plant in Tajikistan, amounting to S\$28.5 million. The increase in current trade and other receivables balance is due to the reclassification of long-term trade and other receivables to current as construction of these 2 plants/facilities is expected to be completed within 12 months.

Long-term other payables mainly comprised dividend payable to non-controlling interests of S\$2.5 million.

Decrease in trade and other payables was mainly due to the repayment to EPC contractors for the purchase of property, plant and equipment (construction of cement plant in Kazakhstan).

Short-term loans and borrowings increased by S\$9.4 million due to short-term interest-free loan from the major shareholder of S\$10.1 million for the payment to the EPC contractor, offset by net repayment of trust receipts of S\$0.7 million.

Increase in currency translation reserve (losses) of S\$0.8 million mainly arose from the depreciation of the Tajikistan Somoni and Kazakhstan Tenge against the Singapore Dollar.

Consolidated Statement of Cash Flows

The decrease in cash and cash equivalents of the Group was mainly due to acquisition of property, plant and equipment, repayment of trust receipts, and dividends paid to non-controlling interests, offset by 1Q2019 profits and shareholders' loan.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The 1Q2019 financial results are in line with the comments made under paragraph 10 of 4Q2018.

Unaudited Financial Statements And Dividend Announcement For The First Quarter Ended 31 March 2019

- 10 **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Aluminium

The order book as at 31 March 2019, including variation orders amounted to approximately S\$25.6 million (31 December 2018: S\$26.5 million) and these projects are expected to be completed progressively over the next 3 years.

These projects relate to public and private building projects in Singapore. The supply of these projects is determined by the developers for the private sector and HDB for the public sector. The supply of residential units is currently low which will in turn affect the next reporting period and the next 12 months. The operating environment for the aluminium business continues to be challenging.

Cement

The Group remains prudently optimistic on the outlook for the cement business as demand in Tajikistan remains strong. Most of the infrastructure and buildings in Tajikistan are old and the government is planning to increase the investment in and reconstruction of the country's infrastructure. This will result in an expected increase in demand for quality building materials which is in line with the expected growth in Tajikistan's economy. In addition, the Group is also investing in additional facilities for the cement plant in Tajikistan which will be completed in 2Q2019 and is expected to bring cost savings to the Group.

The cement plant in Kazakhstan is under construction which is expected to be completed during the second half of 2019.

Urbanisation and globalisation through China's infrastructure investment in the "One Belt One Road" initiative will increase the demand for cement in the Central Asia region.

- 11 **Dividend.**

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

- 12 **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been recommended for the financial period ended 31 March 2019 as the Group is reinvesting its earnings for new projects in the cement business.

- 13 **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate for IPTs from the Group's shareholders.

- 14 **Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirms to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the financial period ended 31 March 2019 to be false or misleading in any material respect.

- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Ma Zhaoyang
Chairman
13 May 2019